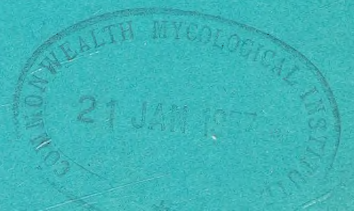
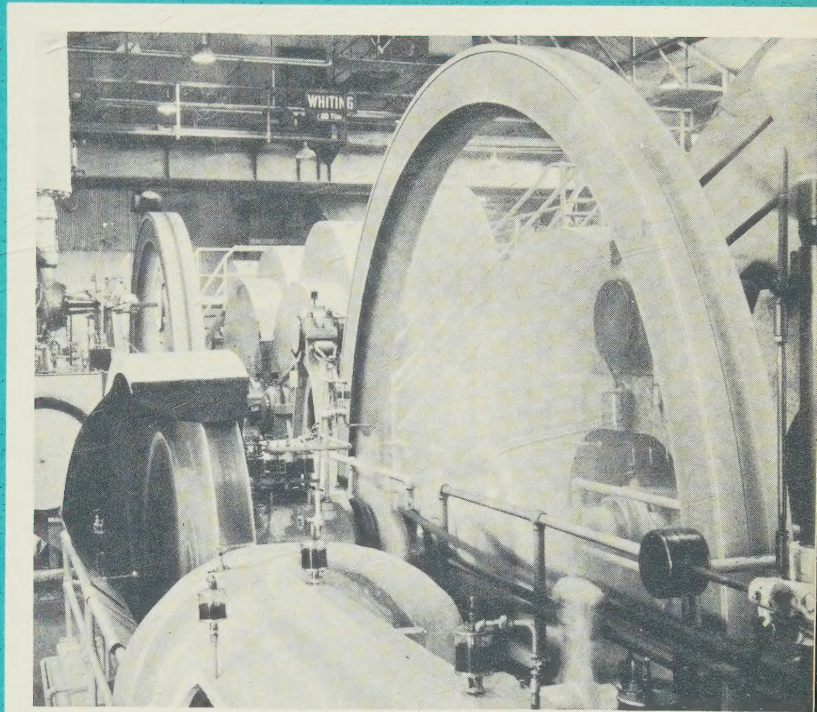


**ANNUAL REPORT
OF THE PRESIDENT**

HSPA

1956

HAWAIIAN SUGAR PLANTERS' ASSOCIATION



THE HAWAIIAN SUGAR INDUSTRY

Hawaii's sugar industry is made up of 28 plantation companies and about 1,800 cane growers.

The plantation companies, located on the four major islands of Hawaii, Maui, Oahu and Kauai, produce about 93 per cent of the Islands' sugar. And the 1,800 growers, mostly independents, turn out the remaining seven per cent.

Sugar is the largest and most important private industry in Hawaii. Whether measured in terms of volume of production, employment or amount of money brought into the Territorial economy, sugar has been the Islands' greatest Mainland trade commodity for the past 80 years.

The Hawaiian sugar industry produces about one-fourth of all the sugar made under the American flag. This is about one-eighth of total Mainland consumption.

All of Hawaii's sugar production—except for a small amount consumed locally—goes to the Mainland. There, most of it is refined by the California & Hawaiian Sugar Refining Corp., which operates the world's largest sugar refinery at Crockett, California.

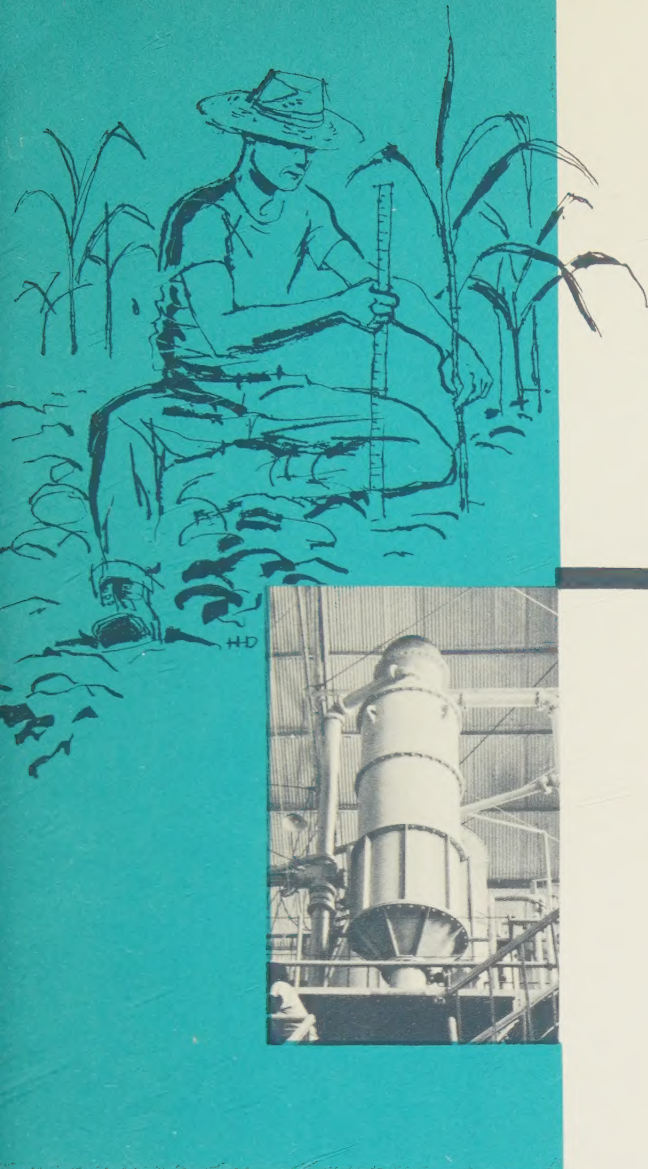
C&H is jointly owned by the 28 Hawaiian sugar plantations.

The Hawaiian Sugar Planters' Association, established in 1895, is the non-profit organization maintained by the Islands' sugar plantations for the maintenance, advancement and protection of the industry.

One of its major functions is the operation of the HSPA Experiment Station. With a budget this year of some \$2,000,000, the station is the world's foremost agricultural research body devoted to sugar. All of its support comes from the plantations with no government funds involved.

The world famous experiment station has long contributed to the development of agriculture in general.

The following report by the HSPA president to members of the organization and the community at large covers the highlights of the Hawaiian sugar industry during 1956. It is hoped you will find it of interest.



ANNUAL REPORT OF THE PRESIDENT

Presented by
GEORGE W. SUMNER
to members of the
Hawaiian Sugar Planters' Association
at the Seventy-Sixth Annual Meeting
Honolulu, T.H., December 3rd, 1956

This 76th annual meeting of the Hawaiian Sugar Planters' Association marks a year of achievement and progress in our industry of which we can be proud. It has been a year of fine cooperation between management and labor, of generally high productivity and diligence at all levels in our industry. Because of adverse weather at most plantations, it required more cane than usual to produce a ton of sugar, yet a few produced the largest crop in their history. Increased mechanization and improved agricultural methods have been achieved, but the highlight of the year was the execution of the individual bargaining agreements between 27 sugar plantations and the International Longshoremen's and Warehousemen's Union. A settlement was reached which was fair and reasonable to both parties after three months of intensive and critical negotiations. Approximately \$2,000,000 were spent for research during the year. Research is extremely important to us in order that we may obtain better yields and generally improve all agricultural and milling practices and continue the exploration of by-products.



Two-line planter
digs furrows, drops
and covers seed cane

Sugar is Hawaii's oldest industry, and the sugar dollar is of increasing importance to the welfare of the Islands. In actual dollar volume, sugar provides the largest source of commodity income for Hawaii. During the past year, the industry will have paid out some \$57,140,000 in wages, and approximately \$50,000,000 for services and materials—more than \$107,000,000 going into the trade channels of the Islands. Although there are 18,000 employees on Hawaii's sugar plantations, it is estimated that 50,000 persons and their dependents receive their livelihood as a result of working for or performing services for the sugar companies. The industry is justifiably proud of the contributions it has made to the Territory. Specifically, here are some of the ways in which our industry has performed its full share of government and community responsibilities.

During the past ten years, we have paid taxes to the Territorial and Federal Governments totaling about \$146,000,000.

In that time, real property taxes amounted to over \$14,500,000, and gross income taxes totaled over \$32,000,000.

During the same period, our employees have received more than \$599,000,000 in wages and salaries.

From these facts it is obvious that the economic well-being of these Islands is directly related to a prosperous sugar industry. The success we have attained thus far is due primarily to several basic factors: efficient management, the application of intense research with these in turn supported by the cooperation of employees, and hard work by all.

To remain competitive, there must, of necessity, be greater mechanization, greater productivity, exploration of new by-products and continued cooperation by labor.



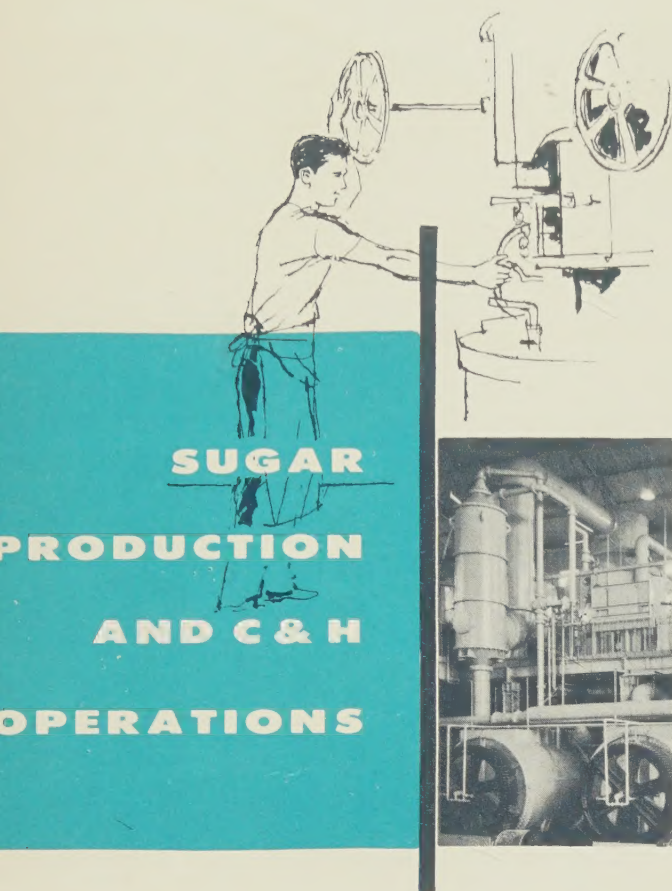
Two-way harvester
is newest development
in field engineering



New cane pickup
transport designed
to work with 'V' cutter



First planter equipped
to apply aqua ammonia
with seed cane



About 1,100,000 tons of sugar will be produced this year as compared with the record crop of 1,140,112 tons in 1955. Poor juices were experienced in certain areas which accounted for the lesser yields. The estimated return from C&H which markets our sugar is \$117.07 per ton as compared with \$115.94 per ton last year and the estimated return for molasses will be \$25.00 per ton as compared with \$13.76 last year.

The aggressive and capable management of C&H has done an excellent job in marketing our entire crop in the face of the most competitive situation encountered in its primary markets since World War II.

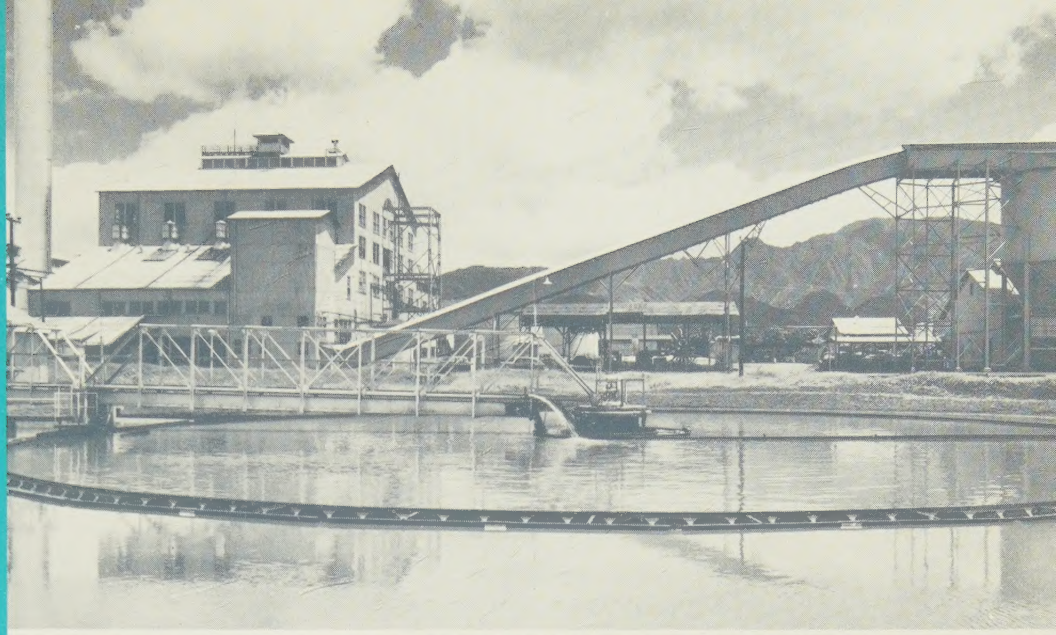
During the first half of last year, Western beet sugar processors pressed their sales in the West Central states with serious price consequences, with the result that they ran short of quota sugar later in the year.

This year they pushed their sales in the Western market rather than to ship sugar East. In the first half of the year their sales were 36,000 tons greater in the Western states, but 114,000 tons less in the West-Central and Eastern states than in the first half of 1955. Naturally, this dislocation of beet marketings had a most adverse effect upon the pricing structure throughout the West Coast.

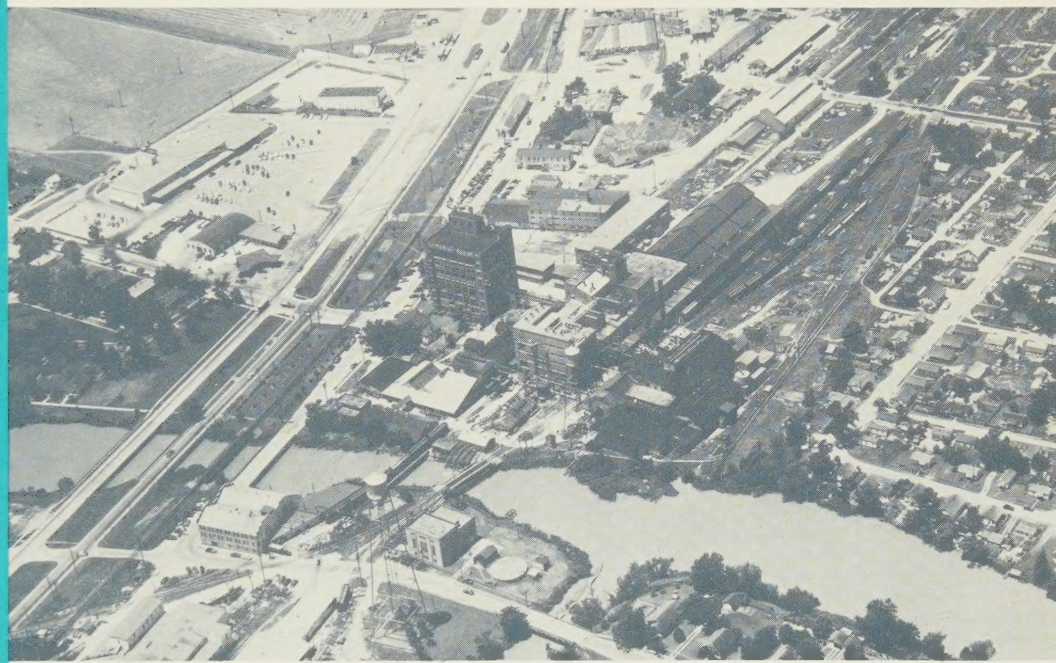
The problem was further compounded by their receiving under the new Sugar Act increases in quota totaling 127,000 tons for this year. Together with their slow marketing early this year, the quota increases created for them the problem of marketing record quantities during the remainder of the year.

An event of real importance was the purchase by C&H of a minority interest in the Imperial Sugar Company of Texas whose market area is mainly in the growing states of Texas and Oklahoma. It is planned that our sugar formerly sold on the East Coast will hereafter be sold to Imperial. This arrangement is advantageous as it will give C&H a firm outlet in a growing area and Imperial a dependable source of bulk raw sugar.

Mill, bulk sugar facility
and hydroseparator
at a plantation



Imperial Sugar Co. refinery,
located at
Sugar Land, Texas



Weed spray rig covers
wide area in sweep
across cane lands





The Director and staff are to be congratulated on a job well done.

Our existence in the future depends, in part, upon how well our research is concluded with the view towards increasing yields and reducing costs. Although the major activities are covered in the film, I wish to mention some of the projects which were carried on by the Experiment Station during the year.

1. In the field of fertilization emphasis was placed on the study of aqua ammonia since over 50 per cent of our nitrogen is from this source. In particular, considerable work was done on injection techniques in applying nitrogen to both irrigated and unirrigated soils.
2. Stalk analysis as a reliable method of plant diagnosis in charting a fertilizer program was further developed.
3. Development of corrosion inhibitor for fertilizer solutions which is effective in preventing the corrosion of equipment.
4. Soil improvement practices for both sandy and heavy clay soils. Many soils were improved as a result of incorporation of bagasse and cane trash.

H. S. P. A.

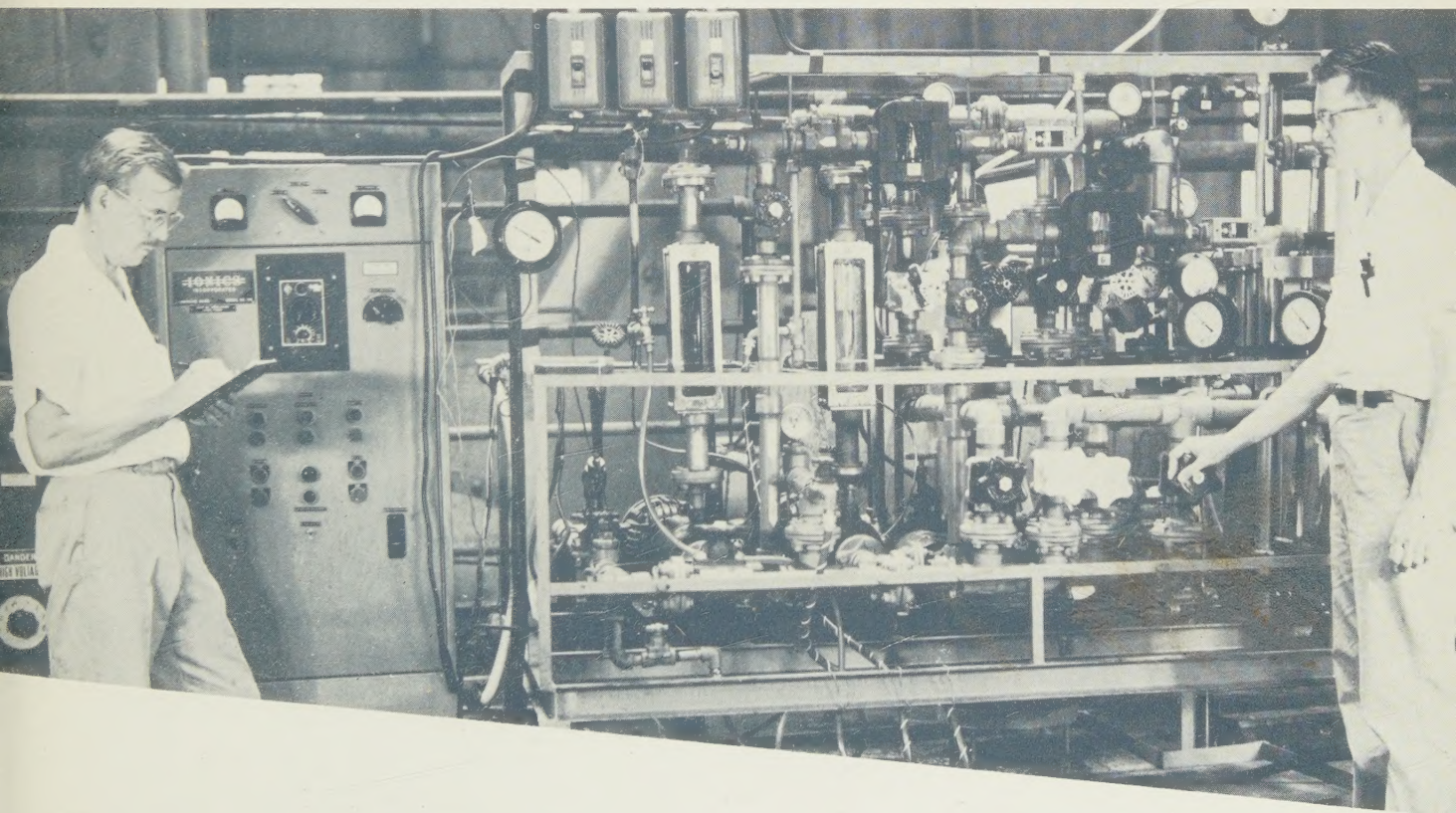
EXPERIMENT

STATION



Ionics pilot plant rese
aims at hi
recovery of s

5. Ratoon stunting disease remains a matter of importance. Experiments are under way to correct this matter.
6. The cane varieties show an increasing number of promising contenders for the two leading varieties, 37-1933 and 44-3098. A new variety substation has been located at McBryde Sugar Company.
7. A new two-way harvesting machine with conveyor mechanisms for discharging the cane into a transport unit has been designed and built. Engineers are optimistic about this machine and the potential savings are enormous as it may permit the bypassing of the cleaning plants where so much sugar is lost in the washing of the cane.
8. A new pick-up transport unit for picking up V-cut cane on the Hilo coast was designed, fabricated and given field trials. It is hoped this machine will eliminate both the grab and push-rake from the wet soils of the Hilo coast.
9. Weed control is a matter of major importance in view of increased costs of labor and herbicides. The Department of Chemistry has made a significant contribution in this field.
10. By-products: Cooperative research is continuing in this field; many technological problems associated with production of paper pulps from bagasse have been solved. The results of research are now awaiting economic interpretation in terms of business decisions.
11. The Imperial College of Tropical Agriculture in Trinidad, British West Indies, with whom we have a research agreement has shown that pith of bagasse can be ammoniated to produce material of considerable promise in livestock feeds. Feeding trials are continuing at the agricultural college and will be initiated later in Hawaii.
12. An analysis of cane wax from cleaning plants has been requested of Mainland industrial concerns who are evaluating the possible economic utilization of this by-product. The wax is extracted from filter cake.



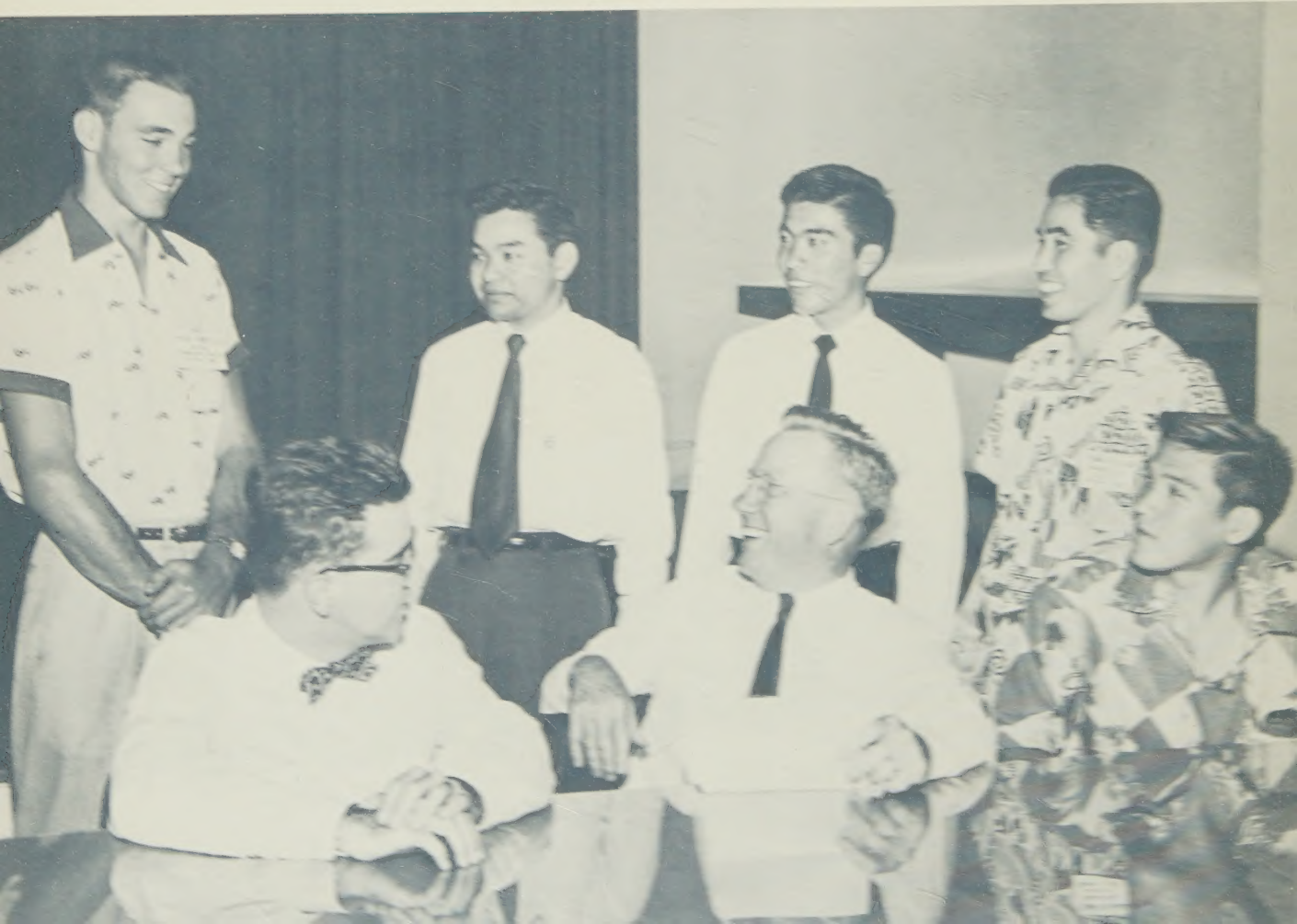


H. S. P. A.

SCHOLARSHIPS

Seven HSPA university engineering scholarships were awarded to Island youths, who after completing their engineering courses will have an opportunity to fill technical positions in our industry. There is an acute shortage of qualified engineers and a real need for the services of these young men. It is proper that our local young people, if qualified, should have first chance to be selected for these positions.

Student engineers, all Islanders, receiving sugar scholarships





HSPA assistants-in-training in agriculture for 1956-57



H. S. P. A. TRAINEES

Since World War II, 129 persons have received technical training at the HSPA Experiment Station and now are actively engaged in various positions on the plantations. During this period, 35 young people attended the University of Hawaii, receiving grants-
and worked on the plantations during summer



LABOR- MANAGEMENT RELATIONS

Relationships between plantation managements, employees and union representatives have continued to improve. Companies are giving more attention to improving relations on the job and to using the channels of communication to an increasing degree. The union officials have recently taken steps to minimize contract violations and have made specific commitments to the industry to eliminate contract infringements. This understanding became part of the recent negotiation settlement.

I am happy to report that operations on the plantations were conducted throughout the year with only minor labor disturbances on a few plantations. This improvement is due, in large part, to efforts of management and union leaders. Manning changes, including a certain number of layoffs and early retirements, were accomplished in a manner which reflects the improved, firm and mature relationship which exists between the plantations and union representatives.

Our employees have opportunities for advancement and cooperative protection which provides for contingencies such as sickness, old age, accident and death. These basic factors are a great stabilizing force and are of benefit to employees as well as the stockholders.



NEGOTIATIONS

Individual agreements between the 27 sugar plantations and the International Longshoremen's and Warehousemen's Union, Local 142, were signed as a result of three months of intensive and, at times, critical and difficult negotiations. The settlement was fair and reasonable. Although certain stages of negotiations were carried on under the threat of a strike, it can be said that bargaining for the most part was temperate, sincere and in good faith. I hope that the last negotiations will mark the beginning of a new era of enlightened and realistic collective bargaining in the sugar industry.

The success of negotiations was due in large part to the significant changes in procedure initiated by the companies whose representatives spent many months developing policy and methods for more efficient collective bargaining. The union also improved its method of negotiation and its leaders adopted a constructive approach to the problem. Other important

changes included reduction in the size of the Negotiating Committee; the complete authority given members within cost limitations; a plan for mutual financial assistance to struck plantations; industry solidarity on all issues including a policy that no contracts would be signed unless the settlement was ratified by employees on all plantations.

"Summit talks" between the Executive Committee and top union representatives were held well ahead of the negotiation period and helped to eliminate possible misunderstandings which might have impeded forthright bargaining.

Although Federal conciliators arrived in Hawaii and were cooperative, the terms of the settlement were actually worked out between the union and the Industry Negotiating Committee in a spirit of free and objective collective bargaining. The term of the basic agreement is not as long as we considered desirable, but it does provide a period of stability during which companies can concentrate on plans for more efficient operations and more harmonious working relationships.

Members of the Negotiating Committee, representatives of the Hawaii Employers Council and others who participated deserve our thanks and congratulations for the manner in which they conducted negotiations. I sincerely hope this will be the pattern for the future.

NATIONAL AND LOCAL LEGISLATION



New sugar legislation was approved late in May, 1956 which assured domestic sugar-producing areas a 55 per cent share of the growth in U.S. consumption beyond 8,350,000 tons. Immediate domestic beneficiaries of this revision of the Sugar Act were Beets and Mainland Cane, who alone participate in the first 165,000 tons of quota given to U.S. producers. Except for possible reallocation of quota deficits of other domestic areas, Hawaii did not obtain any quota beyond its basic 1,052,000 tons until the U.S. quota reached 8,692,000 tons. From this point on, Hawaii will receive 12.5 per cent of total U.S. quota increases.

In October, there were two quota increases of 50,000 tons each. Hawaii's share was 4,842 tons in the first increase and 6,265 in the second. In November, there was another quota increase, of 100,000 tons, in which Hawaii's share was 12,533 tons. This made Hawaii's 1956 quota for Mainland delivery 1,075,640 tons. With the local consumption quota

being 45,000 tons, Hawaii's overall 1956 quota, as of this writing, is 1,120,640 tons.

Locally, the 1957 session of the Territorial Legislature will be of real significance. If the last session is any criterion, we can expect that legislation will be proposed that could have a profound and serious effect on our industry, overburdened as it is with a heavy tax load. It should be recognized that we have already developed the highest standard of living and the highest wage levels of any agricultural area, and that further increases in our financial burden could have far-reaching effects on the whole Territorial economy.

We feel that any new legislation should be economically sound and equitable, and that those responsible for legislative decisions will take into account the position and economic problems of the industry and its importance to the Territory.



Sugar's Community Chest puppet shows drew 29,507 persons



Mill tours are a popular part of the industry's visitor program

Home ownership among sugar employees is constantly increasing





WASHINGTON OFFICE

Mr. Ernest W. Greene, Vice President of the Hawaiian Sugar Planters' Association and Washington representative, who has been with our industry for 36 years, 20 of which were spent in Washington representing the Association, retired on June 30. Throughout his entire career, Mr. Greene performed exemplary service and, fortunately, he will remain our consultant in the nation's capital. Mr. Greene is one of the deans of the domestic sugar industry and has been a driving force in all matters which affect sugar in the nation's capital. We extend to him our best wishes and sincere thanks for his years of devoted service to our industry.

Mr. Sator M. Miller, who has been with the industry since 1928, was named Vice President to replace Mr. Greene in Washington, D. C.



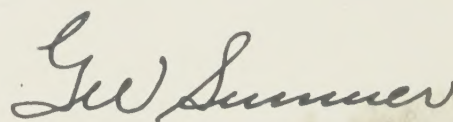
GENERAL PROBLEMS

During the past 15 years, this industry has changed from a hand operation to a highly mechanized operation. We are living in an age of specialization, of increased costs for materials and services, and increasing competition. It is not possible for us to pass on increasing costs as the price of sugar is controlled by the Department of Agriculture. At the same time, our sugar must be sold on the Mainland in competition with other producers whose labor cost is much less than ours. Unfortunately, the depreciation schedule allowed by the Federal Government is not sufficient to replace our equipment as it becomes obsolete, and the cost of replacement increases each year. The latter is the result of the annual wage increases granted in the steel and other industries who, in turn, pass these added costs on to the consumer. In like manner, our supplies such as fertilizer, lumber, steel, etc. cost more each year.

The higher price of raw sugar during the last few weeks has been encouraging but it should be understood that the important thing to our industry are the net proceeds received from our refinery. Our greatest market is in the West and there we face severe competition from the beet industry which does not hesitate to sell under the list price. Whenever the latter reduces the selling price of refined sugar, the management at C&H has no choice but to meet this competition. This, in turn, of course reduces the net return to Hawaii.

Too often we are inclined to be pessimistic because of the countless problems ahead. For the future, I am optimistic. My optimism stems from complete confidence in our greatest asset — our personnel. At the plantations we have excellent management with competent, loyal staffs at all levels of supervision. Our working force consists of an outstanding group of all races who realize they must give us a full day's work for their high level of pay plus very liberal fringe benefits. We have one of the finest agricultural experiment stations in the world whose sole purpose is to assist plantation managements — an able aggressive management at C&H, competent not only to meet the problem of reducing the cost of refining our sugar, but also competent to sell intelligently our finished product — a capable organization in the H.S.P.A. general offices and, finally, in our agencies a fine staff to assist plantation managements in reducing costs.

I am confident that, as a group, we will meet our responsibilities to our shareholders, our employees, and our community.



G. W. Sumner
President

HAWAIIAN SUGAR PLANTERS' ASSOCIATION 1955-1956

OFFICERS

G. W. Sumner	President
A. G. Budge	1st Vice President
J. E. Russell	2nd Vice President
E. W. Greene	Vice President
	(Until retirement, June 30)
S. M. Miller	Asst. Vice President
	(Vice President, July 1)
S. L. Platt	Secretary
T. M. Brown	Treasurer

EXECUTIVE COMMITTEE

G. W. Sumner
A. G. Budge
J. E. Russell
R. G. Bell
Boyd MacNaughton

STANDING COMMITTEES AS OF NOVEMBER 1956

ACCOUNTING COMMITTEE

A. V. Stewart, <i>Chairman</i>
Reynolds Burkland
R. G. A. Crowe
Howard Hubbard
M. A. Pietschman

TECHNICAL ADVISORY COMMITTEE ON AGRICULTURAL ENGINEERING

H. A. Walker, Jr., <i>Chairman</i>
C. H. Ahlf
A. J. Hebert
Malcolm MacNaughton
F. A. Schaefer, III
R. M. Frazier
<i>Associate Member from Hawaii</i>
J. N. Campbell
<i>Alternate Associate Member from Hawaii</i>
R. C. Williamson
<i>Associate Member from Kauai</i>
Karl Berg
<i>Associate Member from Maui</i>
E. B. Holroyde
<i>Associate Member from Oahu</i>

TECHNICAL ADVISORY COMMITTEE ON BY-PRODUCTS

F. Simpich, Jr., <i>Chairman</i>
A. J. Hebert
W. Kenda
W. W. G. Moir
F. A. Schaefer, III
C. E. S. Burns, Jr.
<i>Associate Member from Hawaii</i>
J. S. Beatty
<i>Alternate Associate Member from Hawaii</i>
Alan E. Faye
<i>Associate Member from Kauai</i>
F. C. Churchill
<i>Associate Member from Maui</i>
R. Johnston
<i>Associate Member from Oahu</i>

EXPERIMENT STATION COMMITTEE

W. W. G. Moir, <i>Chairman</i>
F. W. Broadbent
W. M. Bush
R. A. Cooke, Jr.
F. A. Schaefer, III
M. J. Black
<i>Associate Member from Hawaii</i>
L. S. McLane
<i>Alternate Associate Member from Hawaii</i>
W. M. Moragne
<i>Associate Member from Kauai</i>
D. J. Martin
<i>Associate Member from Maui</i>
J. W. Anderson
<i>Associate Member from Oahu</i>

TECHNICAL ADVISORY COMMITTEE ON FACTORY ENGINEERING

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Wm. Bomke
W. J. Hull
W. Kenda
R. G. Watt
A. T. Hossack
<i>Associate Member from Hawaii</i>
H. J. W. Taylor
<i>Alternate Associate Member from Hawaii</i>
Paul R. Tate
<i>Associate Member from Kauai</i>
G. W. Tompkin
<i>Associate Member from Maui</i>
J. N. Orrick
<i>Associate Member from Oahu</i>

INDUSTRIAL RELATIONS COMMITTEE

H. C. Babbitt, <i>Chairman</i>
F. W. Broadbent
Francis Morgan
John F. Murphy
R. A. Van Orsdel

INSURANCE COMMITTEE

A. J. Wriston, <i>Chairman</i>
K. F. Gillis
P. G. Lemke
Roger Pierson
Wade Sheehan

PLANTERS' COMMITTEE

H. M. Richards, <i>Chairman</i>
Wayne Richardson
F. A. Schaefer, III
V. R. Spackman

QUOTA ADMINISTRATION COMMITTEE

J. E. Ednie, <i>Chairman</i>
Henry B. Clark, Jr.
R. G. A. Crowe
H. M. Robinson
F. A. Schaefer, III

SUGAR AND MOLASSES COMMITTEE

W. Kenda, <i>Chairman</i>
Howard Hubbard
H. M. Robinson
F. A. Schaefer, III
R. G. Watt

TAX COMMITTEE

E. F. Major, <i>Chairman</i>
T. Bowman
R. G. A. Crowe
L. J. Houghton
A. V. Stewart

SPECIAL COMMITTEES

ECONOMIC STUDY COMMITTEE

Harold Eichelberger, <i>Chairman</i>
O. B. Hammond
A. J. Hebert
Boyd MacNaughton
F. Simpich, Jr.

LEGISLATIVE COMMITTEE

V. R. Spackman, <i>Chairman</i>
V. O. Bortz
C. J. Henderson
Boyd MacNaughton
A. V. Stewart

ADVISORY COMMITTEE ON REAL PROPERTY TAXES

H. A. Robinson, <i>Chairman</i>
J. B. Cox
G. R. Ewart, III
H. K. Keppeler
Kenneth Nurse

DIRECTORY OF PLANTATIONS AND MANAGERS AND POST OFFICE ADDRESSES

ISLAND OF HAWAII

PLANTATION

HAKALAU SUGAR COMPANY, LTD.	Alex T. Hossack	Hakalau, Hawaii
HAMAKUA MILL COMPANY	David E. Larsen	Pauilo, Hawaii
HAWAIIAN AGRICULTURAL CO.	Paul Tate	Pahala, Hawaii
HILO SUGAR COMPANY, LTD.	L. S. McLane	Hilo, Hawaii
HONOKAA SUGAR COMPANY	Richard M. Frazier	Haina, Hawaii
HUTCHINSON SUGAR COMPANY, LTD.	James Beatty	Naalehu, Hawaii
KAIWIKI SUGAR COMPANY, LTD.	Andrew Walker	Papaaloa, Hawaii
KOHALA SUGAR COMPANY	Harry J. W. Taylor	Hawi, Hawaii
LAUPAHOEHOE SUGAR COMPANY	Andrew Walker	Papaaloa, Hawaii
OLAA SUGAR COMPANY, LTD.	C. E. S. Burns, Jr.	Olaa, Hawaii
ONOMEA SUGAR COMPANY	J. N. Campbell	Papaikou, Hawaii
PAAUHAW SUGAR COMPANY, LTD.	Herbert Gomez	Pauhau, Hawaii
PEPEEKEO SUGAR COMPANY	A. D. Ednie	Pepeekeo, Hawaii

ISLAND OF MAUI

PLANTATION

HAWN COMMERCIAL & SUGAR CO.	Asa F. Baldwin	Puunene, Maui
PIONEER MILL COMPANY, LTD.	Karl H. Berg	Lahaina, Maui
WAILUKU SUGAR COMPANY	John Cushnie	Wailuku, Maui

P. O. ADDRESS

ISLAND OF OAHU

PLANTATION

EWA PLANTATION COMPANY	J. N. Orrick	Ewa, Oahu
KAHUKU PLANTATION COMPANY	Edward B. Holroyde	Kahuku, Oahu
OAHU SUGAR COMPANY, LTD.	Hans L'Orange	Waipahu, Oahu
WAIALUA AGRICULTURAL CO., LTD.	John W. Anderson	Waialua, Oahu

ISLAND OF KAUAI

PLANTATION

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GROVE FARM COMPANY, LTD.	William Moragne	Puhi, Kauai
KEKAHA SUGAR COMPANY, LTD.	L. A. Faye	Kekaha, Kauai
KILAUEA SUGAR COMPANY, LTD.	David W. Larsen	Kilauea, Kauai
THE LIHUE PLANTATION CO., LTD.	Keith B. Tester	Lihue, Kauai
McBRYDE SUGAR COMPANY, LTD.	John Sandison	Eleele, Kauai
OLOKELE SUGAR COMPANY, LTD.	Martin Black	Kaunakani, Kauai
WAMEA SUGAR MILL CO., LTD.	A. E. Faye	Wamea, Kauai

P. O. ADDRESS

P. O. ADDRESS



